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NATURE AND EXTENT OF GOVERNMENTAL AUTHORITY IN CHINA AS OF AUGUST 30, 1949

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MAP: Spheres of Governmental Authority in China, August 30, 1949.

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SUMMARY

As a result of the military victories of the Chinese Communists during the last three years, governmental authority and power in China have become extremely fragmented; as of August 30, 1949, the functions of government in China were exercised in varying degrees by the Kuomintang (headed by Chiang K'ai-shek), the National Government (headed by Acting President Li Tsung-jen), provincial and regional militarists, independent provincial governments, the theocratic government of Tibet, the Chinese Communist Party, regional Communist governments and military administrations, Soviet-oriented minority regimes, and even by external agencies of the government of the USSR. This fragmentation is most marked in the non-Communist areas. The National Government is still able to exert some authority in Kwangsi, Kweichow, Szechwan, and Sikang, where it acts through the local warlords, and in Kwangtung Province, where the present capital is located. In other areas of China, particularly the provinces of Yunnan and Sinkiang and the territory of the Moslem warlords Ma Pu-fang and Ma Hung-k'uei, the authority of the National Government is purely nominal in most fields. The theocratic government of Tibet has long exercised de facto jurisdiction over most of its territory, and the last vestige of control by the National Government of China was destroyed in July 1949, when the Chinese representatives were expelled from Tibet.

The authority of the National Government is further restricted by the continuous interference of Chiang K'ai-shek in governmental matters and by his refusal to permit Acting President Li Tsung-jen to exercise any control over Formosa, the Chinese air force and navy, the national treasure, or those troops personally loyal to Chiang.

The Communist areas of China present the appearance of comparatively greater unification and consolidation, principally because of the discipline enforced by the Chinese Communist Party and army. However, although the Chinese Communists control nearly two-thirds of China's population and one-third of its territory, the Chinese Communist regimes, as of August 30, 1949, lacked many of the functions of organized government. There is no central civil authority over the Communist areas, other than the party and the army headquarters. Communist China conducts no formal foreign relations and is not recognized by any foreign country. Chinese Communist authority over the border regions of China is limited by the existence of Soviet-oriented semi-autonomous regimes in Ili, Hulunbuir, and Inner Mongolia.[1] The concessions obtained by the USSR in Manchuria limit the authority of the Chinese Communists in that area. Dairen and Port Arthur remain under Soviet military control. Chinese Communist control is most firmly consolidated in North, East, and Central China.

1. See appended map, "Spheres of Governmental Authority in China, August 30, 1949."

Although political power in both Communist and non-Communist China is fragmented and divided, the Communists have been able to organize the lower levels of social organization in the villages and towns -- e.g., the families, the clans, and the guilds -- more effectively. Much of the actual government in China has always been carried out through these traditional organizations. It remains to be seen whether the discipline imposed by the Chinese Communist Party on these traditional institutions will be sufficient to cope with the economic and social problems facing the Communists as they extend and consolidate their authority and control over China.

NATURE AND EXTENT OF GOVERNMENTAL AUTHORITY AND POWER IN CHINA AS OF AUGUST 30, 1949

I. BACKGROUND: SPHERES OF GOVERNMENTAL AUTHORITY

During the last three years the internationally recognized National Government of China has lost to the Chinese Communists control over nearly two-thirds of China's population, living within a third of its territory. The ensuing political and military fragmentation and the breakdown of the alliance of regional militarists on which the power of Chiang K'ai-shek depended have resulted in further diminution of the authority and power of the central government, while the control of the Communist Party in its areas is becoming more firmly consolidated. The authority of the National Government at Canton under Acting President Li Tsung-jen is further hampered by the lack of cooperation from Chiang K'ai-shek, who, as head of the Kuomintang, continues to interfere in governmental matters and who exercises greater authority in a number of fields than does the government under Li Tsung-jen. As of August 30, 1949, governmental authority and power in China were possessed in varying degrees by the Kuomintang (headed by Chiang K'ai-shek), the National Government (headed by Acting President Li Tsung-jen), provincial and regional militarists, independent provincial governments, the theocratic government of Tibet, the Chinese Communist Party, regional Communist governments and military administrations, Soviet-oriented minority regimes, and even by external

agencies of the government of the USSR. In terms of the current world ideological differentiation, these groups have the Chinese Communist Party (CCP) as the Communist core, and the Kuomintang (KMT) as the non-Communist core. Within these two camps various regional spheres can be differentiated, as outlined below.[1]

A. Communist Areas

1. Hulunbuir Autonomous Government. The Hulunbuir Autonomous Government is strongly oriented toward the Mongolian People's Republic and the USSR, with little or no direct influence by the Chinese Communist Party.

2. Inner Mongolia Autonomous Government. The Inner Mongolia Autonomous Government is strongly oriented toward the Mongolian People's Republic and the USSR, but is still under some Chinese Communist influence and control.

3. Ili Regime. The Ili regime in Sinkiang is under Soviet control, with no Chinese Communist influence.

4. Northeast People's Government. The Northeast People's Government is under the direction of the Northeast Bureau of the Central Committee of the Chinese Communist Party, but is subject to Soviet influence.

a. Yen-chi semi-autonomous area. Although Yen-chi is formally under the jurisdiction of the Northeast People's Government, the Korean population in the area has considerable autonomy and is under the influence of North Korea and the USSR.

1. See appended map, "Spheres of Governmental Authority in China, August 30, 1949."

b. Port Arthur and Dairen. Port Arthur and Dairen are administered by local Chinese Communist administrations under Soviet control and have no formal connection with the Northeast People's Government.

5. North China People's Government
6. Central China People's Government } In North China and Central China, Chinese Communist control is consolidated and civil "People's Governments" have been established. There is apparently no direct Soviet control over these governments.

7. East China Liberated Area
8. Northwest Liberated Area
9. South China Liberated Area } In East China, Northwest China, and South China, regional Communist Control is exercised through the regional bureaus of the Chinese Communist Party and through the regional military commands. Civil administrations exist only on provincial and lower levels. There is apparently no direct Soviet control over these areas.

B. Non-Communist Areas

1. Formosa. Formosa is controlled by the Kuomintang under Chiang K'ai-shek. The Chinese National Government at Canton under Acting President Li Tsung-jen is not able to exercise its authority over Formosa.

2. Kwangtung. The Kwangtung Provincial Government is still controlled by the Kuomintang and the Chinese National Government, which has its seat in Canton.

3. Kwangsi, Kweichow, Szechwan, and Sikang. Kwangsi, Kweichow, Szechwan, and Sikang are controlled by provincial warlords, with the National Government or the Kuomintang able to exercise its authority only through the provincial leaders.

4. East Tsinghai, West Kansu, Ningsia, and West Suiyuan. Most of non-Communist Northwest China is controlled by the Moslem warlords Ma Pu-fang (in Tsinghai) and Ma Hung-k'uei (in Ningsia), who govern without effective control or aid by the Kuomintang. The Communist drive into Kansu is reducing the degree of cooperation possible between the two generals.

5. Sinkiang. The parts of Sinkiang not under the Communist Ili regime are controlled by Kuomintang-appointed officials who recognize the military authority of Ma Pu-fang and govern without reference to the Kuomintang government in Canton.

6. Yunnan. Yunnan is controlled by provincial leaders who are governing without reference to the Kuomintang government in Canton and who are handicapped by Communist "bandit" and guerrilla activities, although they are reported to be negotiating with the Communists.

7. Hainan. Control over Hainan is divided between a Kuomintang government, which controls the coastal towns, and a Chinese Communist "People's Government," which operates in the interior of the island.

8. Tibet. The theocratic government of Tibet has long exercised de facto jurisdiction over most of its territory, but the friction

of Chinese suzerainty has been maintained through its international recognition and by virtue of the Chinese representatives who stayed at Lhasa. In July 1949, when the Chinese representatives were expelled from Tibet, the last vestige of control by the National Government of China was destroyed.

C. Extent of Consolidation of Power

Domestically, the Communist-controlled administrations have probably been able to exert more effective authority over the lower levels of villages and towns than the non-Communist regimes. In the non-Communist areas (other than Tibet) much of the actual governing is done through traditional institutions such as the family, the clan, and the guild, all of which the Communists in their areas are attempting to subject to Communist control and discipline. Internationally, only the National Government headed by Li Tsung-jen has full recognition, but the portfolio of the Minister of Foreign Affairs is vacant and diplomacy is conducted largely by Chiang K'ai-shek without consultation with Li Tsung-jen. Tibet is making a bid for international recognition, and the Chinese Communist Party will presumably do so when a central government is established over the Communist areas.

The chief difference between the Communist areas and the non-Communist is that political authority and control is being increasingly consolidated and centralized in the former, while in the latter the remaining power of the central government is rapidly disintegrating.

II. CRITERIA OF GOVERNMENTAL AUTHORITY AND POWER

Governmental authority in China today is so fragmented that only a detailed examination of the manifestations of power can give a clear picture of the nature and extent of the various forms of government in the country. Accordingly, the following governmental functions have been selected to illustrate the scope and kind of controls being exercised by the various groups in China.

A. Legislation

Legislative authority in areas controlled by the Chinese Communists is exercised (a) directly by the party through the regulations of the regional bureaus of its Central Committee, through the regional "People's Governments," and through the political departments attached to the occupying armies, and (b) indirectly through party members in administrative organs and various functional organizations (trade-union federations, etc.). Occasionally, legislation is jointly promulgated by the regional administration and the regional party bureau. In the case of fundamental policy decisions, legislative authority is concentrated in the Central Committee of the Chinese Communist Party. Regional and local party and administrative organs

exercise independent legislative powers when applying national policies to their given situations, but the Central Committee frequently reserves for itself the right to review the most detailed local measures.

The law-making ability of the Chinese Communists is more securely established in north, east, and central China than in the south and the northwest. In the northeast, however, the Northeast People's Government has retained considerable legislative autonomy. The power of the Communists to enact laws is restricted in the Inner Mongolia and Yen-chi semi-autonomous regions, and the party exercises no legislative control in the Hulunbuir and Ili areas. In these autonomous areas there is apparently a similar, but separate, Communist-type legislative authority.

In Kuomintang areas legislative power is now exercised directly by party organs (principally the Extraordinary Committee of the Kuomintang), government ministries (by executive decree), and regional military commanders. The Legislative Yuan, never a true legislature, has not been convened since May 1949. No single national body commands the allegiance of all the agencies exercising legislative authority, and power is fragmented and jealously guarded rather than being delegated as in Communist territories. The cooperative action that has been taken by the principal sources of authority supporting Kuomintang rule (Chiang K'ai-shek, Pai Ch'ung-hai, Ma Pu-fang, and Wang Lung-ch'i) mitigates only slightly the debilitating effects of divided power. Where support for the Kuomintang is absent, the

legislative will is made known in other ways: in Sikang and Yunnan, through the decisions of warlords; in Tibet, by means of special organs of the theocratic government.

B. Courts

In the areas under the control of the Chinese Communist Party, wherever Communist "People's Governments" are functioning "People's Courts" have been set up on hsien, provincial, or area levels. The right of appeal is granted up to the "Ministry of Justice" in areas in which such a ministry has been formed. All courts, including informal local or village courts, in practice base their decisions on Communist Party policy as laid down by the Central Committee and its regional bureaus. Theoretically, in all areas (except North China since March 1, 1949) both the Kuomintang law code and the Communist laws and policies are applicable. No details are available concerning Communist areas not under the control of the Chinese Communist Party, but it is presumed that their judicial system is similar.

The Ministry of Justice of the Executive Yuan of the National Government has lost control over most courts in non-Communist China. Those courts that are functioning are controlled by the provincial authorities or, in some cases, by the secret police. The Supreme Court and the Control Yuan of the National Government have been unable to function effectively for some time because of lack of funds and the impossibility of implementing decisions under present conditions. The actual administration of justice largely bypasses the court system

and is handled through hsien magistrates appointed by provincial authorities and through local extra-legal bodies such as guilds and clans. The judicial system of Tibet has always been separate from that of the rest of China.

C. Law Enforcement Agencies

Law enforcement agencies in areas controlled by the Chinese Communist Party are under the jurisdiction of the Public Safety Bureau of each Chinese Communist "People's Government." In some Chinese Communist areas these agencies include "bandit suppression headquarters" on provincial and lower levels, which have been set up by the Communist Party to deal with banditry and peasant insurrections. In addition, each Communist region forms a "Military District" and has its own garrison troops. No data are available for the semi-autonomous Communist areas, but similar methods are probably in effect there.

"Peace Preservation Corps," local militia, and provincial and municipal police forces are the main law enforcement agencies in the non-Communist areas. These agencies are now provincially controlled. Tibet has always had its own system of local garrison and police forces.

D. Secret Police

The Chinese Communist secret police, under K'ang Sheng, is centralized and not under the jurisdiction of local Chinese Communist Party governments. It is controlled by the Chinese Communist Party -- with strong influences from the Soviet external secret police (Ministry of State Security [MGB]), particularly in Inner Mongolia and the

Northeast. The Ili and Hulunbuir organizations are autonomous, with Soviet influences but no Chinese Communist control.

At least two secret police organizations operate in non-Communist China in addition to provincial organizations such as that controlled by the Ma's. One of these is the Bureau of Investigation and Statistics, theoretically under the Ministry of the Interior of the National Government of China; the other is under the National Army. Both operate with a great deal of autonomy. They do not obey orders of the government of Acting President Li Tsung-jen, and are loyal instead to Chiang K'ai-shek or to Kuomintang cliques close to Chiang.

E. Currency and Finance

The Communist-held areas are well organized financially, and control over the currency rests securely in the hands of the respective regional governments. In the non-Communist areas, however, a situation bordering on financial anarchy exists, with control divided among local warlords and the vestiges of the National Government.

No information concerning currency or banking is available from the Communist border areas of Hulunbuir or Ili, although it is known that their trade is strongly oriented toward the Mongolian People's Republic and the USSR respectively. Since Yen-chi is for all practical purposes a part of the Northeast People's Government area, Chinese Communist currency is probably used there. The Inner Mongolia Autonomous Government, however, has set up its own banking and currency system, apparently independent of neighboring Chinese and Soviet areas,

and in the Soviet-controlled cities of Port Arthur and Dairen financial affairs are directed by the USSR through local Communist administrations. The authorities of the Northeast People's Government issue the Northeast People's Bank Notes, a currency separate from that of the rest of Communist China, and financial dealings are controlled through the Northeast People's Bank.

In the Communist-held areas south of the Great Wall, both those controlled by the "People's Governments" and those still under military rule, the only official currency is Jen Min Piao (People's Bank Notes), issued by branches of the People's Bank of China. This currency has no backing in specie, either gold or silver, or in foreign exchange. The Communists have minted no coins in their areas. The People's Bank of China is functioning as a central bank to some extent, and, in cooperation with military authorities, exercises control over banks in the liberated areas. Only to the extent that silver and gold are hoarded and foreign exchange is held by unauthorized persons have the Chinese Communists failed to establish monetary and financial control.

Complete financial control by the Kuomintang is now limited almost exclusively to Formosa, where Chiang K'ai-shek has deposited the gold, silver, and foreign exchange reserves of the National Government and exercises unchallenged control over them. On the mainland, Kuomintang financial influence is still strong in Kwangtung and Szechwan; Nationalist silver currency and provincial notes issued under Nationalist authority circulate in Kwangtung, while in Szechwan

the Central Bank of China is minting silver coins and printing silver notes.

In Yunnan and Kwangsi the Nationalists still hold nominal financial control; actual power, however, seems to rest with local and provincial authorities, who are issuing notes and controlling financial dealings generally. No information is available on Kweichow or Sikang. Tibet has long issued its own notes and silver coins, minted at Lhasa. Little current information is available concerning the area controlled by the Moslem warlords Ma Pu-fang and Ma Hung-k'uei, but, since Chiang recently refused them financial assistance, it may be assumed that they control monetary and financial policies in the Moslem northwest without interference from the central government. The provincial government of Sinkiang is now issuing its own silver notes and coins independent of the National Government, and its banks are under the control of the Sinkiang Provincial Bank. The situation in the current battle areas of southern Shensi, in Hunan, and in southern Fukien is not known.

F. Government Revenue

The situation with regard to monetary affairs is, in general, duplicated in the case of taxation and government revenues. The Chinese Communists have sole control over taxation in their territories, while the area from which the Nationalist Government can still extract revenue has shrunk to a few scattered provinces.

The Chinese Communists control the fiscal resources of those areas of Manchuria that are included in the Northeast People's Government's domain, and their tax policies and methods there in general follow the pattern established in Communist territory south of the Great Wall. The Inner Mongolia Autonomous Government, however, controls taxes in its area, and in Port Arthur and Dairen the USSR controls the revenues through local Chinese administrations. No information is available concerning Hulunbuir or the northern Sinkiang regions that are under the control of the Ili regime.

In the liberated areas south of the Great Wall, the Chinese Communists have complete control over fiscal matters. They have been able to impose and collect duties on foreign trade and have collected business taxes in the cities, where particularly heavy levies have been imposed on foreign firms. An attempt was made to collect income taxes in kind from workers in North China, but was abandoned when it proved unsuccessful. There has been little information concerning the collection of the land tax by the Communists; protests by farmers against heavy taxes, however, seem to indicate that they are using this levy extensively. Taxes on the general public, in the guise of "troop comfort" donations, with public censure of persons refusing to contribute, have also been employed by the Communists as a means of raising revenue. Finally, they have imposed heavy, almost prohibitive, taxes on luxuries, travel, and communications.

In non-Communist areas the taxation power has been returned largely to provincial authorities and the warlords. The Kuomintang is still in control of all revenue sources in Formosa, and presumably is enforcing tax laws effectively there. In Szechwan the Nationalist Government is still able to collect revenues through the fiscal machinery of the provincial government and apparently is in control of the various types of taxes in that region. In Kwangtung both the provincial authorities and the Kuomintang share control over the revenues.

In Yunnan the provincial government has taken over complete control of the tax system. Former government taxes, especially the customs revenue and salt taxes, are now collected by the provincial government. Communist-inspired uprisings prevented collection of land taxes in Yunnan, and these taxes were finally suspended for political reasons. However, the provincial government has reestablished sufficient control in most of the province to consider reintroducing them.

Nothing is known of the situation in Kweichow. Sikang is under the control of its provincial government, and all revenues accrue to the local authorities there. Hsinan is split between Chinese Communists in the interior and officials of the Kuomintang in the coastal cities, and it is doubtful that the Kuomintang is realizing much revenue from taxes on the island. The Ma's have always held complete and effective control of revenue in their areas. Sinkiang is now collecting all taxes for the use of the provincial government, and the Kuomintang is receiving no revenues from that area.

G. Trade Controls

Trade controls are evidenced either by the imposition and collection of taxes on goods in transit or by restrictions on the movement of such goods. Smuggling, which has traditionally been widespread in China, of course modifies the effectiveness of any governmental control.

In the Ili region of northern Sinkiang the Communist regime has established a blockade between Ili and the southern portions of the province. Little is known about the effectiveness of this blockade; the likelihood of smuggling across the border is strong, however, since Sinkiang is dependent on many products from the neighboring Soviet areas.

The precise nature of the controls in Hulunbuir is not known. In Inner Mongolia the local autonomous government has established a tax system that includes levies on trade and it has concluded barter agreements with neighboring Chinese Communist areas. In the Dairen-Port Arthur region the USSR controls trade through special agencies of the local Chinese administrations. Foreign shipping is mostly Soviet.

The existence of customs frontiers between the Northeast People's Government and the rest of Communist China, plus the fact of the recent trade agreement between Northeast authorities and the USSR, indicates that the Communists have set up Manchuria as a special trade area. Soviet influence in the region may be strong enough to establish trade patterns between the USSR and Manchuria that will be disadvantageous to the Chinese.

In the "People's Governments" and Liberated Areas of Communist China, foreign trade is regulated by Foreign Trade Bureaus. The Chinese Communist Party has also established state trading corporations to deal in export-import trade, and these corporations hold a monopoly over some of the Chinese commodities normally traded in world markets. Because of the Kuomintang blockade, however, the actual controls exercised by these agencies have not been significant -- except in Tientsin, where some foreign trade has been carried on. Information concerning trade between the various Communist-held regions is lacking; however, there are some indications that agencies set up to conduct barter trade between these areas are operating on a small scale. Under this plan, shortage in one area is alleviated by shipments of surplus from other regions. Attempts to ship commodities to Shanghai from the northern Communist regions have not been successful, although the Communists have ascribed the lack of goods coming from the north to "excessive costs."

The insular position of Formosa and Kuomintang control over the available shipping facilities give the Nationalists a monopoly over Formosan trade. All imports are, of course, under the control of the Kuomintang authorities on the island. Kwangtung trade through the port of Canton is still largely under Kuomintang control, although provincial authorities exert some influence. In Szechwan, now the chief base of the Nationalists in the southwest, control of customs, hence presumably of trade, is in Kuomintang hands, and the provincial authorities are cooperative.

Yunnan's trade is now controlled almost entirely by the provincial authorities, who are collecting the central government customs duties over the protests of Kuomintang authorities. Nothing is known of the effectiveness of Communist activities in inhibiting or controlling trade in Yunnan. Kwangsi commerce is mainly under the control of local authorities, although some Kuomintang influence seems to remain.

Tibetan trade is controlled by authorities of the Tibetan Government, and Tibet recently attempted to negotiate trade agreements independently of Nationalist China. The Sikang provincial government controls trade in that area, particularly the profitable opium traffic. The Ma warlords have in the past held close control over the commerce of their regions and undoubtedly still do. In Sinkiang control rests in the hands of local officials, now allied with the Ma's to some degree. The USSR has been pressing unsuccessfully for trade concessions in Sinkiang in recent months.

H. Relief and Rehabilitation

The Chinese Communist Party has mobilized students, soldiers, urban workers, and the peasantry to build and repair dikes. However, even in Manchuria Communist resources and power have not been sufficient to break down the local rivalries that block integrated water conservancy measures, with the result that disastrous floods have occurred. The Chinese Communist Party claims to have undertaken

extensive urban relief and rehabilitation. Wholesale resettlement on the land of "non-essential" urbanites has been ordered, especially for Shanghai and Nanking, but is meeting with opposition. The Communists also claim to have innoculated three and a half million people in Shanghai at a time when the Kuomintang government in Formosa cannot enforce the quarantine regulations between Formosa and the mainland.

Non-Communist attempts at urban relief, aside from sporadic local measures, have been confined to areas receiving food from the ECA. The National Government has attempted to repair dikes and feed refugees, but it cannot command sufficient manpower and financial resources. Even with the reconstruction made possible by the Joint Commission on Rural Rehabilitation, the dikes of Kwangtung were not strong enough to withstand high water levels this spring.

I. Control of Natural Resources and Industry

The important mineral resources (gold, tungsten, petroleum) in the Ili region of Sinkiang are directly controlled by the USSR; the less important ones are under the complete authority of the Ili regime. In Hulunbuir the USSR reportedly manages the principal coal mine, presumably under the "Chinese Changchun Railway Agreement," appended to the Sino-Soviet Treaty of 1945.

The Chinese Communist Party shares with the USSR its authority over a small, but significant, portion of the natural resources lying

within Manchuria. The Soviet Union has ownership of the Muleng coal mines in Sungchiang Province and operates the placer gold mining industries along the Amur River in Heilungchiang Province of the Northeast People's Government. The Soviet satellite, North Korea, has control over the Yalu River hydroelectric plant, which supplies a major amount of power for industries in the Antung and Dairen areas. Furthermore, in the Dairen-Port Arthur zone, the USSR, through joint Sino-Soviet combines, has relegated the Chinese Communist Party to a subordinate position in the control of resources and industry.

The resources available within the Chinese Communist areas south of the Great Wall are under the uncontested authority of the Chinese Communist Party. On Hainan Island, native Communist groups have recently seized one of the two important iron deposits, the Shih-lu mines.

In the non-Communist areas of China, the Kuomintang retains significant power and authroity over the resources of Formosa, Szechwan, Kwangsi, and a part of Hainan Island. Provincial authorities and warlords have predominant control over the resources of Kwangtung, Yunnan, Kweichow, and the provinces of Northwest China. Although the geographical area of Kuomintang influence is smaller, possession of the resources and industries of Formosa (sugar, aluminum, fertilizer, power, copper, gold, and coal), Szechwan (arsenals, iron and steel, power, salt, and coal), Kwangsi (tin, tungsten, antimony, and vegetable oils), and Hainan (iron ore) gives the Kuomintang economic assets of

greater importance than exist in the rest of non-Communist China. The Moslem warlords, Ma Pu-fang and Ma Hung-k'uei, have complete power over the resources of Northwest China. The Yu-men oil fields of North Kansu are nominally owned by a Kuomintang organ (National Resources Commission), but are located in an area and supply a market under Moslem rule. Provincial authorities have undisputed sway over the limited resources of Sikang and Sinkiang (excluding the Ili area). Through the establishment of provincial development companies, local authorities in Yunnan, Kweichow, and Kwangtung have assumed control of the major portion of the resources of these provinces. The government of Tibet has complete control over the natural resources within its territory.

J. Transportation

1. Railroads. Communist areas include 90 percent of the railroad mileage of China. In Manchuria the main trunk lines are at present probably controlled unilaterally by the USSR under the Soviet interpretation of the "Chinese Changchun Railway Agreement," appended to the Sino-Soviet Treaty of 1945. The Manchurian lines are the only regularly operated railroads in Communist China. South of the Great Wall the Chinese Communist administrations have full authority over the railroads and have repaired sections of lines in North and Central China. However, recent guerrilla attacks and bombing raids by the Nationalist air force have made it difficult for the Communists to make full use of these lines. The unified railroad system established

by the Chinese Communists has not yet been able to operate in full.

Within non-Communist territories, the railroad on Formosa and the section of the Canton-Hankow Railroad not yet captured by the Communist armies are controlled by the Kuomintang. The Szechwan authorities do not have enough authority and resources to complete the Chungking-Chengtu line. The Formosa line is in poor condition despite the extensive rehabilitation made possible by ECA assistance.

2. Shipping. Shipping in Communist China is controlled by the "People's Governments" and the Communist administrations of the various Communist areas. Only in Dairen and Port Arthur is shipping directly controlled by the Soviet authorities. However, the Kuomintang is able to exercise some control over shipping to Communist areas through its effective blockade of Shanghai.

In non-Communist China shipping is controlled by the Kuomintang.

3. Air Transport. There is little commercial air traffic in Communist China. Control over air traffic lies within the jurisdiction of the Communist administrations and "People's Governments" in the various Communist areas, although it is likely that at least in Manchuria this control is shared with Soviet authorities.

Air transport facilities in non-Communist China are licensed by the National Government but controlled by the Kuomintang. Control over these facilities gives Chiang K'ai-shek considerable power in regard to supplies reaching some of the provincial military rulers. In Sinkiang the USSR has obtained a near monopoly of air transport,

with companies licensed and controlled by the National Government limited to eastern and southern Sinkiang.

K. Communications

1. Postal Services. No data are available concerning the postal systems of the Mongolian autonomous areas. The Ili area has a separate postal service communicating with the USSR but not with non-Communist Sinkiang.

The Chinese Communist Party has established for each People's Government and each Liberated Area, a separate Postal Administration. The post office in Shanghai accepts mail for all areas occupied by the Liberation Armies. In an attempt to reduce the previous dependence on foreign personnel in the postal services, no letters are accepted unless addressed with Chinese characters. Mail for the Soviet Union, however, need have only the word "Soviet" written in Chinese characters. No postal agreements have been made by the Chinese Communist Party with any country outside the Soviet bloc, and the Communist post office therefore assumes no responsibility for mail to countries outside this bloc. Mail from Manchuria to the USSR apparently is carried at Soviet domestic rates.

The Postal Administration of China continues to operate in non-Communist areas of China proper as a semi-governmental organization. Foreign capital has been heavily invested in it, and foreign personnel have long managed it. The Postal Administration has been a unifying force for China in the past, and the new regulations decreeing that

each province will issue stamps are a reflection of the disorganized state of the postal service in the National Government areas. The new stamps have no fixed price; they guarantee to deliver the letter at a price to be determined at the moment of mailing.

Tibet issues its own stamps and has its own courier service for mail to the frontier of India.

2. Telephone and Telegraph. Telecommunications in Hulunbuir, Inner Mongolia, and Ili, on the periphery of the Communist areas, are probably so meager as to be unimportant. The telephone and telegraph agencies of the Chinese Communist Party are governmental bodies. Each People's Government has a telecommunications administration. Commercial telegraph service was stopped during the occupation, but is gradually being restored. Only plain-language telegrams in Chinese are now accepted north of the Yangtze. International telegraph and telephone connections have been established with the USSR and with Hongkong. The extent to which the USSR may participate in the telephonic services of the Northeast area or Dairen is not known.

In non-Communist areas, international telecommunications, both cable and telephone, are directly under the Post and telecommunications Branch of the Ministry of Communications of the National Government. The Ministry is responsible for the censorship of outgoing messages. Provincial governments frequently share with the Ministry the control of the telephone lines in their respective provinces. In Yunnan, Kwangsi, Kweichow, and Szechwan an inter-connected telecommunication

system has been operated by the Ministry. No recent information is available as to the degree to which local independence has developed; the services have not been interrupted.

In Sinkiang and Tibet telecommunications are scant, are under the control of the regional governments, and have foreign connections with the Soviet and Indian systems respectively but not with China proper.

L. Public Information

1. Press. The press in all Communist areas follows the line laid down by the Communist Party. There is little information on the press in the semi-autonomous Mongolian areas, except that it is oriented toward the Mongolian People's Republic and the USSR. The press in the Ili region is controlled by the local authorities and is oriented toward the USSR. In the Chinese Communist regions the press is directed by the Central Committee of the Chinese Communist Party through the official New China News Agency, whose editorials are official statements of party policy. There is some Soviet influence in the press under the Northeast People's Government. In Dairen and Port Arthur, Chinese Communist papers are published and circulated. There are several minor party papers in Communist territory and some papers that existed under the National Government have continued publication, but all of these follow the Communist Party line and use the New China News Agency. Two foreign publications are still being published in Shanghai: the American-owned, pro-Communist China Weekly

Review, and the British-owned North China Daily News, which has been forbidden to use the dispatches of foreign news agencies and is held accountable for the news it prints.

In non-Communist China, all papers are supposed to be registered with the Ministry of Information of the Executive Yuan of the National Government, and where the government retains control a degree of censorship exists. Anti-government and underground Communist papers and publications of a tabloid type exist, but are generally short-lived. In areas under warlord control the jurisdiction of the National Government is considerably less. Moreover, the Turki papers in Sinkiang openly oppose the National Government. No information is available concerning the press in Tibet, but all Tibetan publications are controlled by the theocratic government and the lamaseries without Chinese influence.

2. Radio. No broadcasting activities are known to be conducted in the Mongolian autonomous areas, the Yen-chi area, or the Ili region. In the areas controlled by the Chinese Communist Party, radio is controlled by the Communist authorities, who assign frequencies and supervise the news content of broadcasts. Both radio receivers and transmitters must be registered. In addition to the stations operated by the Chinese Communists, there are a few minor, privately owned stations under the authority of the Chinese Communists in Shanghai. American diplomatic services continued to use their own radio network, although there is no legal basis for such use under either the National Government or the Chinese Communist regimes.

Most radio stations in non-Communist areas are controlled by the Central Broadcasting Administration of the National Government, which issues all licenses for operations; however, a few are run by special provincial or private interests. Foreigners, with the exception of American authorities, are not permitted to own or operate radio stations. Censorship of radio scripts has been a regular practice in areas under strong Nationalist control. There is no broadcasting station operating in Tibet, although the Chinese representatives in Lhasa formerly operated a radio for sending and receiving official communications. Since the expulsion of the Chinese in July, this set may have come into the possession of the Tibetan authorities.

M. Education

Education in all the Communist areas is rigidly controlled by the Communist authorities. Few details are known about the schools in the semi-autonomous Communist regions of Inner Mongolia, Hulunbuir, and Ili, but they are presumably controlled by the regional governments with strong orientation toward the USSR and, in the case of the Mongol areas, toward the Mongolian People's Republic, with many students going to the USSR for study. In the areas under direct Chinese Communist control, educational policies are laid down by the Central Committee of the Chinese Communist Party, but their interpretation and application are carried out by the "Ministries of Education" in each region. Although curricula, students, and teachers are under strict Communist control, many former Kuomintang members have been

given Communist indoctrination and retained because of the need for technically trained personnel. Private and foreign schools are allowed to exist and are permitted to teach Christianity, although under strict control. All schools must teach Communist doctrines, and textbooks are being rewritten as rapidly as possible. In the Northeast there are some Soviet schools with Soviet personnel.

In non-Communist China (other than Tibet) education is under the control of the Ministry of Education of the Executive Yuan, which prescribes the curricula and sets the standards, particularly in elementary and middle schools. The schools are required to teach Kuomintang doctrine and to use government-approved textbooks. The controls are not as strict at the university and graduate school levels as in middle and lower schools, and are becoming increasingly ineffective as the power of the National Government disintegrates. Although there are provincial educational administrators appointed by the Ministry of Education, the degree of Kuomintang control decreases with administrative distance from the central government. The Kuomintang control formerly exercised over the student body through the San Min Chu I Youth Corps is no longer effective. Foreign schools are permitted in the non-Communist areas, provided that they conform to certain standards and allow the teaching of Kuomintang doctrine. The extent of government control of these schools is not very great. The schools in Tibet are controlled by the lamaseries and have never been under Kuomintang influence.

N. Military Forces

1. Armies. The armed forces of the semi-autonomous Communist areas have maintained varying degrees of independence from the Chinese Communist forces. The Hulunbuir Autonomous Government has no army other than purely local defense forces and depends for its security requirements upon the army of the Mongolian People's Republic, which presumably has considerable influence over the local Hulunbuir forces, over which the Chinese Communists have no control. The Ili regime in Sinkiang has independent armed forces under strong Soviet influence and without connections with the Chinese Communist forces. The Inner Mongolia People's Liberation Army has cooperated with the Chinese Communist forces and has accepted aid and advice from the Chinese Communists, but maintains considerable independence and has not been integrated into the Chinese Communist forces. Semi-autonomous Korean units continue to exist in the Yen-chi area; these units maintain connections with both the Chinese Communist and the North Korean armies.

The armed forces of the Chinese Communist areas proper fall into two categories, the "Field Armies" (total approximately 2,000,000 men) and the local forces of the Military Districts corresponding to the regional divisions of Communist China (Northeast, North, East, Central, and Northwest China). All of these troops fall under the centralized command of the People's Revolutionary Military Council, an organ of the Chinese Communist Party. The armed forces of Communist China have always been under strict centralized party control, and no regionalism

or "warlordism" has been in evidence, although guerrilla forces such as those now operating in Hainan, Yunnan, and Kwangtung have almost complete independence of action.

Non-Communist China has no unity of military command comparable to that of the Chinese Communists. The army units in Formosa and Kwangtung (approximately 200,000 men) are loyal to Chiang K'ai-shek personnally and do not obey the orders of Li Tsung-jen's Ministry of National Defense under General Yen Hsi-shan. The other principal anti-Communist forces are those in Kwangsi and southern Hunan under Pai Ch'ung-hsi (approximately 150,000 men), who is loyal to Li Tsung-jen but is handicapped by Chiang's refusal to supply the funds and equipment necessary to keep these troops at fighting strength. The forces of Ma Pu-fang and Ma Hung-k'uei (approximately 100,000 men) are likewise handicapped by lack of equipment and by logistic problems. Their loyalties are provincial, but they have been cooperating with Pai Ch'ung-hsi and Li Tsung-jen. The remaining non-Communist troops in China are purely provincial units under provincial warlords (as in Yunnan and Szechwan), upon whose loyalty neither Chiang K'ai-shek nor Li Tsung-jen can depend. The Tibetan army of approximately 10,000 men has always been entirely independent.

2. The Navy and Air Force. The Chinese Communists have only a few planes and small ships obtained through defections from the Kuomintang navy and air force. The non-Communist navy and air force are controlled entirely by Chiang K'ai-shek and are based on Formosa, where

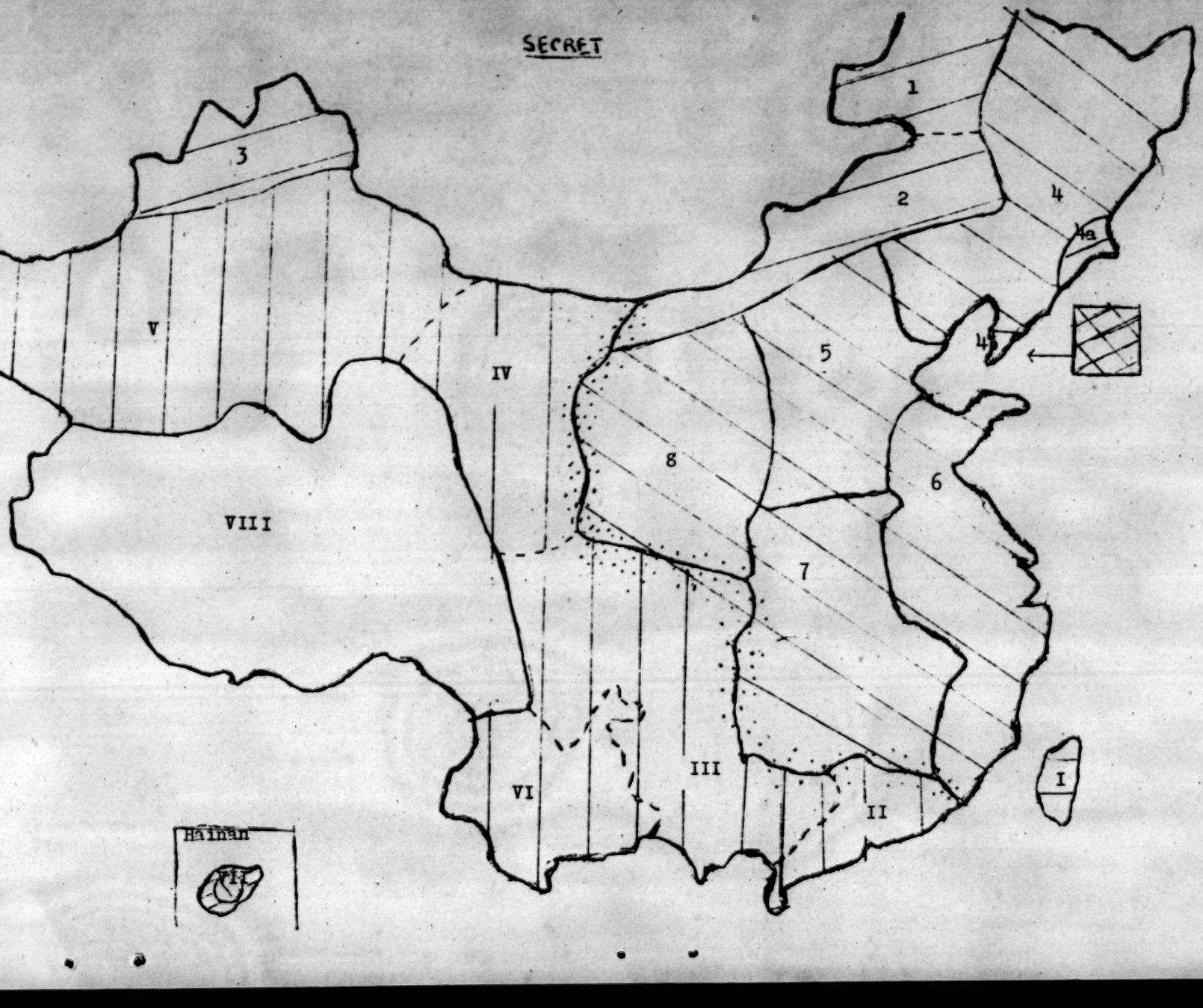
the government of Li Tsung-jen is unable to exert influence over them.

3. Conscription. Conscription for the Communist armies has been carried out on local (village and hsien) levels, often under the guise of "voluntary" recruitment. Recently the Communist forces have been augmented by large-scale defections of entire units from Kuomintang and provincial armies.

Conscription in non-Communist China is likewise handled on a local basis, under the direction of provincial warlords and governors. Opposition to Nationalist conscription has been reported from Szechwan and Hupeh, but the non-Communist armies have had no serious problem in meeting their manpower requirements, although the quality of the recruits has been growing progressively lower. The principal factors limiting the strength of non-Communist armies are lack of funds and equipment (which Chiang refuses to release except to troops personally loyal to him) and the problem of morale and defections to the Communists.

Due to its large size, the following document has been filmed in segments. The order of the segments is as follows: left to right, top to bottom.

SECRET



SPHERES OF GOVERNMENTAL AUTHORITY IN CHINA
AUGUST 30, 1949

COMMUNIST
1 Hulunbuir Autonomous Government
2, Inner Mongolia Autonomous Government
3 Ili Regime
4 Northeast People's Government
4a. Yen-chi Semi-Autonomous Government
4b. Dairen - Port Arthur
5 North China People's Government
6, East China Liberated Area
7 Central China People's Government
8 Northwest Liberated Area

NON-COMMUNIST
I Formosa
II Kwangtung
III Ex-KMT Warlord's Areas, (Kwangsi, Kweichow, East Sikang, Szechwan)
IV Ma Areas, (Including East Tsinghai, West Kansu, Ningsia, West Suiyuan)
V Sinkiang
VI Yunnan
VII Hainan
VIII Tibet

Chinese Communist Party
Communist, but non-CCP
USSR Control
Kuomintang
Non-Communist, Non-Kuomintang
Area of Military Operations

SECRET